BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the)				
PUBLIC UTILITIES COMMISSION)	DOCKET NO.	03-037	2	
Instituting a Proceeding to Investigate Competitive Bidding New Generating Capacity in Hawai			PUBLIC UTILLE	2005 JUN -9 P	According to the second
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RESPONSES TO HAWAII PUBLIC UTILITIES COMMISSION'S INFORMATION REQUESTS

and

CERTIFICATE OF SERVICE

SANDRA-ANN Y.H. WONG ATTORNEY AT LAW 1050 Bishop Street, #514 Honolulu, Hawaii 96813 Tel. No. (808) 537-2598

Attorney for Hess Microgen, LLC

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the)		
)		
PUBLIC UTILITIES COMMISSION)	DOCKET NO.	03-0372
)		
Instituting a Proceeding to)		
Investigate Competitive Bidding f	or)		
New Generating Capacity in Hawaii			
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TO THE HONORABLE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII:

HESS MICROGEN, LLC ("Hess") hereby respectfully submits its Responses to the Hawaii Public Utilities Commission's Information Requests pursuant to the Commission's Order No. 21575.

Respectfully submitted.

DATED: Honolulu, Hawaii, June 9, 2005

SANDRA-ANN Y.H. WONG

Attorney for Intervenor Hess Microgen, LLC

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Docket No. 03-0372

In the Matter of Public Utilities Commission Instituting a Proceeding to Investigate Competitive Bidding for New Generating Capacity in Hawaii

INFORMATION REQUESTS OF THE PUBLIC UTILITIES COMMISSION

PUC-IR-1 (Parties urging competitive bidding) Ref: CA SOP
 at 3; HESS SOP at 1; HREA SOP at 2.

Please identify, if any, specific examples of efficiencies or innovations foregone in Hawaii as a result of the absence of competitive bidding?

RESPONSE: Hess is not aware of any specific examples of efficiencies or innovations foregone in Hawaii as a result of the absence of competitive bidding.

PUC-IR-3 (All Parties) Ref: HECO SOP, Exhibit A at 4; HREA-HECO-IR-9.

These references address the potential for an increased reliability risk as a result of the bidding and competitive implementation of elaborate on the Please purchased power. potential and this problem, to solutions specifically identify potential mitigating factors that can be incorporated into the competitive bid process.

RESPONSE: It is Hess' position that competitive bidding, if done correctly, will generally: (i) allow the best electric generation proposals to be selected and (ii) provide the electric customer with reliable power at the lowest cost. In order for a competitive bidding process to be done correctly, it must be fair and timely to encourage broad participation from a range of prospective bidders.

PUC-IR-10 (All Parties)

If the Commission requires competitive bidding, what would be the disadvantages of requiring independent competitors to limit their participation to turnkey projects, at least initially, so that the utility would have maximum control over the project operations upon construction?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-12 Ref: HECO-HREA-IR-5(b)(2)at 6 states:

For example, would the failure to meet predicted system availability become a basis for a penalty? We are not aware of case where this has been done elsewhere. Also, if the utility is not going to be subjected to a penalty, which is the current case with our RPS law, why should the windfarm owner/operator?

- a. (HREA) Please clarify what the "penalty" would be for, as the term is applied to the utility performance under the RPS law. Is this "penalty" associated with the system availability or reliability provided by the utility?
- b. (All Parties) What type of provisions can be reasonably incorporated into as-available contracts to encourage the IPP to improve on system availability and/or reliability?
- RESPONSE: b. Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-18 (All parties, except HREA) Ref: HECO-HREA-IR-12 at 15 states:

[Ratepayers]...will bear the risk related to...failure to obtain appropriate authorizations...

- a. Who should bear the risk and associated costs of a winning bidder's failure to obtain appropriate authorizations within a specified time period the utility, the winning bidder or ratepayers?
- b. What mechanisms, if any, are available to guard against the risk of delays arising out of inabilities to obtain permits or other authorizations?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUR-IR-19 (All Parties) Ref: CA SOP at 60.

...an electric utility must be prepared with a "backstop" plan (i.e., the specific resources that the utility would develop and put into rate base if necessary to meet its service obligations. The backstop plan may be satisfied by the utility's resource proposals.

If a utility has a "backstop" plan that can be satisfied by its resource proposal, does this mean that it is always effectively competing with other bidders?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-23 (All Parties)

What measures can and should be taken to avoid self-dealing or an unfair competitive advantage

over other bidders (or even the appearance of such)?

RESPONSE: Measures to insure that there is no predatory/anti-competitive pricing by participants need to be implemented. If predatory/anti-competitive pricing does occur, there should be a process to bring it to the attention of the Commission and to have the Commission resolve it expeditiously.

PUR-IR-24 (All Parties)

What is the desirable outcome of this proceeding -- a specific competitive bidding procedure, a specific change to the IRP process, a specific model RFP, a specific model PPA, or anything else?

RESPONSE: A fair and timely competitive bidding procedure that would allow Hess, and others like Hess, the opportunity to offer its combined heat and power ("CHP") units to whoever installs customer sited generation, whether it is the utility, a utility affiliate, or some other third party entity.

PUC-IR-25 (All Parties) Ref: HECO SOP at 12; CA-HECO-IR-6;
HREA-HECO-IR-14.

- a. Should the competitive bidding process be of a "framework" nature, i.e. a set of guidelines in the form of an enforceable Commission order (which would involve an evidentiary hearing to test the recommendations of the various parties to the proceeding)?
- b. If the answer to (a) is "yes", then if the Commission does decide to initiate a proceeding to develop the competitive bidding "framework", should it hold public hearings, workshops and/or panel format hearings?
- c. If the answer to (a) is "no", then should the competitive bidding process be established through a rulemaking proceeding (which would necessitate public hearings and comments)?

RESPONSE: a. Yes.

b. Panel format hearings like the Commission held in the Distributed Generation Docket, Docket No. 03-0371.

PUC-IR-26 (All Parties except CA) Ref: CA SOP at 4; HECO-CA-IR-4.

- a. As advocated by the Consumer Advocate, should each utility be allowed to design its own competitive bidding process according to current "best practices," subject to commission approval?
- b. How should "best practices" be determined?
- c. Should the Commission provide guidelines to the utilities regarding what it considers to be current "best practices"?

RESPONSE: Hess takes no position on these issues, but it reserves its right to take a position later in Docket. It would advocate that competitive bidding processes be fair and timely to encourage broad participation from a range of Also, that all competitive prospective bidders. there no bidding processes insure that predatory/anti-competitive pricing participants. All competitive bidding processes should have a process to bring instances of predatory/anti-competitive pricing the have the attention of the Commission and to Commission resolve it expeditiously.

PUR-IR-27 (All Parties) HECO SOP, Exhibit A at 34 states:

... the development of competitive bidding rules and guidelines should be developed from the ground up without superimposing another state's system directly in Hawaii. Is HECO aware of any state system that could profitably be used as a starting point for developing Hawaii's competitive bidding rules or guidelines, in order to reduce the cost and time required to develop them from the ground up? What aspects of such state's approach are particularly helpful?

RESPONSE: Hess cannot comment as to what HECO is aware.

PUC-IR-29 (All Parties except HREA) Ref: HREA SOP at 11-12; HREA-HECO-IR-11; HREA-KIUC-IR-1.

Please comment on the competitive bidding models offered by HREA, where the utility would identify the site, capacity, and (possibly) fuel type, then prepare and submit a "facility bidding baseline" to an independent contractor who would solicit and review bids against the utility's baseline.

RESPONSE: Please see Hess' response to HREA-HESS-IR-1.

PUC-IR-31 (All Parties except KIUC) Ref: HREA-KIUC-IR-1.

- a. Should the competitive bidding process be different for an IOU than for a co-op?
- b. Please comment on KIUC's contentions that competitive bidding should be used by it only when KIUC initiates the process and has sole authority for key project decisions.
- c. Please comment on KIUC's contentions that its Board of Directors "provides the same oversight and risk mitigation for its members as would an ICA [independent contracting agent] for ratepayers of an investor-owned utility."

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUR-IR-37 (All Parties except CA) Ref: e.g., CA SOP at 51-54.

Can a competitive bidding program succeed in the absence of the changes proposed by the CA to the TRP Process?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-39 (All Parties)

- a. Should the competitive bidding process be an "open" bidding process, wherein the utility or the commission develops self-scoring criteria and bidders know what the utility is seeking and how the bid will be evaluated?
- b. Or should it be a "closed" bidding process, wherein the utility provides general guidance about planning objectives, but does not reveal all of the information about the evaluation process?

RESPONSE: It should be an "open" process.

PUC-IR-40 (All Parties) Ref: CA-HECO-IR-7.

- a. Should competitive bidding be required for all transactions, required but subject to exceptions, or merely encouraged but not required?
- b. If there are to be exceptions to a competitive bidding requirement, what should those exceptions be based on?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility,

utility affiliate, or some other third party entity.

PUC-IR-41 (All Parties) Ref: HECO-HREA-IR-6.

- a. Should there be a "dollar threshold above which competitive bids would be required"?
- b. How should this dollar threshold be determined, and how often should it be reevaluated?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-42 (All Parties) Ref: CA-HECO-IR-7.

Should "near-term" needs be exempted from the competitive bidding process? If so, how should "near-term" be defined?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-44 (All Parties) Ref: CA-HECO-IR-9; HECO-HREA-IR-11.

Should the competitive bidding process differ depending on what type of resource is to be new resources, renewable acquired (e.g., traditional resources; and technologies, demand-side resources, supply-side and firm capacity resources; and as-available v. distributed resources)?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUR-IR-45 (All Parties)

Concerning relations between developers and utilities, what are the most likely areas of dispute, and what Commission involvement (e.g., rules upfront, vs. dispute resolution later) is best suited to minimize these disputes?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-51 (Hess) Ref: Hess SOP at 1.

A fair and timely competitive bidding system would allow Hess the opportunity to offer its combined CHP units to whoever installs customer site generation, whether it is the utility, utility affiliate or some other third party.

- a. Is Hess assuming that any Commission rules on competitive bidding would apply where a non-utility customer selects a provider to install CHP? If not, then what competitive bidding system is Hess referring to?
- b. Does Hess believe that a utility must engage in competitive bidding to select a contractor to install CHP on behalf of the utility?
- RESPONSE: a. No. The competitive bidding system that Hess is referring to is one that would be regulated by the Commission and all entities

that came under the Commission's jurisdiction.

b. Yes.

PUC-IR-52 (All parties) Ref: CA SOP at 20.

Competitive bidding is one [mechanism for procurement]. The others include auctions, standard offers and selection through direct negotiations as well as approaches that combine elements of these mechanisms...

- a. Should the Commission consider mechanisms like auctions, standard offers and others identified by the CA as part of this competitive bidding docket?
- b. Identify those situations where other methods such as standard offers or direct negotiations might be appropriate alternatives to competitive bidding.

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-53 (All Parties) Ref: HECO-CA-IR-34 at 67.

What are the benefits and drawbacks to a utility offering utility-controlled sites for 3rd parties to develop in the competitive bidding process? What terms and process should apply?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-55 (All Parties) Ref: CA SOP at 56 states.

The Commission should ensure that a utility's RFP design and bid package materials are developed in a manner that will ensure an appropriate measure of transparency.

- a. (CA) Please specify the components of "appropriate measure of transparency."
- b. (All Parties) What features should be included in the RFP design and bid packages to provide enough information about the selection process so as to maximize participation by the widest possible range of bidders?
- RESPONSE: b. Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-56 (All Parties)

- a. Should the Commission have an active role in the RFP development process?
- b. Should an independent consultant be hired to provide input and recommendations to the utility and Commission regarding the drafting of the RFP? If so, who should fund the cost of the independent consultant?
- c. Should the utility independently develop the RFP (subject to approval by the Commission prior to its issuance)?
- d. Should the utility hold a workshop with potential bidders and other interested parties prior to the release of the RFP, and potentially incorporate comments and suggestions into the final RFP?
- RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.
- PUC-IR-57 (All Parties) Ref: HREA SOP at 13; HECO-HREA-IR-11; CA SOP at 3; HECO-CA-IR-3.

- a. Should different types of resources (e.g., renewable resources, new technologies, and traditional resources; supply-side and demand-side resources, as-available v. firm capacity resources; and distributed resources) compete through the same RFP? or
- b. Should there be separate RFPs issued for different types of resources, which would all be issued simultaneously, to address a particular need? or
- c. Should a solicitation be targeted to a particular resource for a particular need, such that there will only be one RFP issued at one time
- d. Where different types of resources compete through the same RFP, what criteria should be used to evaluate the different benefits of different resources?
- e. Discuss the benefits and drawbacks of issuing one RFP for different types of resources versus targeted solicitations that seek a particular resource?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-59 (All Parties)

- a. Who should determine what the required qualifications for bidders (e.g. creditworthiness, reputation, experience) should be?
- b. Should the required qualifications of potential bidders be clearly outlined in the RFP?
- c. Should a pre-qualification process be conducted on bidders before accepting bids?

d. If yes, who should pre-qualify the bidders?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-60 (All Parties)

- a. Should the Commission have an active role in the development of the bid evaluation criteria?
- b. Should an independent consultant be hired to provide input and recommendations to the utility and Commission regarding the bid evaluation criteria? If so, who should fund the cost of the independent consultant?
- c. Should the utility independently establish the bid evaluation criteria (subject to approval by the Commission prior to its issuance)?
- d. Should the utility hold a workshop with interested parties prior to the release of the RFP, to discuss the bid evaluation criteria so that bidders clearly understand how their bids will be evaluated?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-61 (All Parties) Ref: HECO-CA-IR-12(b) states.

of the important factors Some include, but are not limited to, reliability and generation system capacity requirements, opportunities to renewables secure low-cost energy, requirements, emissions impacts, location, risk exposure and rate impacts.

The above response identifies certain factors that should be considered in the review of competitive bid responses. Please identify any other factors that should be considered during the review of the competitive bids.

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUR-IR-62 (All Parties) HECO SOP, Exhibit A, at 30 states:

To ensure that all reasonable options are effectively considered, there should be no <u>unreasonable</u> restrictions on sizes and types of projects. It is generally preferable that all types of eligible projects (e.g. supply-side options) have a fair opportunity to compete. (emphasis in original)

And HECO SOP, Exhibit A, at 32 states:

4. Price-related evaluation criteria are the predominant selection criteria. Non-price criteria are used to ensure the project or portfolio is viable and feasible but price is usually the ultimate determinant.

What mechanisms, if any, are appropriate to account for the non-monetary costs or benefits of different types of resources?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-64 (All Parties)

- a. Who should hire the Independent Consultant the utility or the Commission?
- b. Should the Independent Consultant develop bid evaluation criteria and make a recommendation for the project award without input by the utility? [Ref. HREA Response to HECO-IR-9 at 11] Or can the input be from all parties?
- c. Is an Independent Consultant required for all competitive bids - or only those where a utility affiliate does not compete?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-66 (All Parties) Ref: CA SOP at 59; HECO-CA-IR-64.

adopts the quidelines Commission a. Ιf the recommended by the Consumer Advocate, these implements these concepts, are utility's that a sufficient ensure to

participation in the competitive bid process is fair?

- b. What are the advantages and disadvantages of adopting these guidelines?
- c. What other safeguards should be adopted?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-67 (All Parties) Ref: HECO-CA-IR-48 states:

The Consumer Advocate recommends that each electric utility should be expected to design bid evaluation processes that are specific to the circumstances of <u>each</u> competitive solicitation, and in keeping with "best practices" in the industry.

To the extent that this approach could potentially allow a utility to tailor specific bid evaluations to favor certain bidders, what safeguards can be implemented to prevent this?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-68 (All Parties) Ref: HECO-CA-IR-68.

The Consumer Advocate suggests a generic policy intended to balance the needs for "transparency"

and confidentiality during the bid review process. Please provide specific suggestions on how this balance can be met.

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-69 (All Parties) HECO-CA-IR-10.

- a. Should bidders' track record on past projects be a factor in selection and if so, how significantly should it be weighted? What elements of the track record should be considered?
- b. Will according significant weight to a track record cause newer generators without track records or smaller independent companies to lose out to more established utility affiliates or large independents? Should the Commission be concerned about this impact?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-71 (All Parties)

a. Should the Commission have an active role in the development of the purchase agreement?

- b. Should an independent consultant be hired to provide input and recommendations to the utility and Commission regarding the drafting of the purchase agreement? If so, who should fund the cost of the independent consultant?
- c. Should the utility and the winning bidder independently develop the purchase agreement (subject to approval by the Commission prior to its issuance)?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-72 (All Parties)

Should a copy of the proposed purchase agreement be included as part of the issuance of the RFP?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-73 (All Parties) Ref: HREA SOP at 10-11;
HREA-HECO-IR-11.

Should there be a standard model purchase agreement to be used for all purchases (with possible minor modifications), or should the purchase agreement for each new transaction be separately drafted?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-74 (All Parties) Ref: HECO-CA-IR-17.

- a. To what extent should the price and non-price terms of a purchase agreement be subject to subsequent negotiation with the utility and amendment, if the changes are beneficial to both parties and the ratepayers?
- b. What should be the conditions placed on further negotiation?
- c. If the utility affiliate is the winning bidder, do your answers to (a) or (b) change, or are there safeguards that would allow for further negotiation with the utility?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-75 (All Parties) Ref: CA SOP at 61 states:

...the Commission should make explicit that costs would be recoverable through rates on a "pass-through" basis if incurred through an approved contract that results from an RFP issued in response to approved competitive bidding process.

Are there any circumstances where the Commission might disallow costs resulting from an approved

contract that results from an RFP and if so, what are they?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket. That being said, Hess wants to ensure that Hess, and others like Hess, have the opportunity to offer its CHP units to whoever installs customer sited generation, whether it is the utility, utility affiliate, or some other third party entity.

PUC-IR-76 (All Parties) Ref: HECO-CA-IR-19(b).

- a. In the future, how should we evaluate to what extent the competitive bid process has been "successful" what are the specific factors that can and should be recorded and evaluated?
- b. Should we set target values for these factors, such that continuation or amendment of the competitive bid process may be contingent on meeting these target values?
- c. What is the appropriate process and time frame for review of the success of the competitive bid process?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

PUC-IR-77 (All Parties) Ref: CA SOP at 56 states:

If a utility can demonstrate that it is doing a particularly good job in resource procurement, the Commission should consider an increase to its allowed return. Conversely, poor performance will require the consideration of a reduction.

a. What criteria should be applied to determine whether a utility is doing a "good job" in competitive resource procurement?

- b. What factors, such as savings or added efficiencies, would a utility have to demonstrate to qualify for an added rate of return?
- C. (All parties except CA) Do you agree that an increase in return is justified for a utility that successfully implements competitive bidding?

RESPONSE: Hess takes no position on this issue, but reserves its right to take a position later in this Docket.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of Hess Microgen, LLC's Responses to Hawaii Public Utilities Commission's Information Requests, by causing copies hereof to be mailed, postage prepaid, and properly addressed to each such party as follows:

DIVISION OF CONSUMER ADVOCACY
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 Merchant Street, Room 326
Honolulu, HI 96809

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PETER Y. KIKUTA, ESQ.
Goodsill, Anderson, Quinn & Stifel
Alii Place, Suite 1800
1099 Alakea Street
Honolulu, HI 96813

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CINDY Y. YOUNG, DEPUTY CORPORATION COUNSEL County of Maui Department of the Corporation Counsel 200 S. High Street Wailuku, HI 96793	1	copy
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WARREN S. BOLLMEIER II, PRESIDENT Hawaii Renewable Energy Alliance 46-040 Konane Place, #3816 Kaneohe, HI 96744	1	copy
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CHRISTOPER S. COLMAN Deputy General Counsel Amerada Hess Corporation One Hess Plaza Woodbridge, NJ 07095	1	copy

LANI D. H. NAKAZAWA, ESQ. Office of the County Attorney County of Kauai 4444 Rice Street, Suite 220 Lihue, HI 96766 2 copies

GLENN SATO, ENERGY COORDINATOR c/o Office of the County Attorney County of Kauai 4444 Rice Street, Suite 220 Lihue, HI 96766 1 сору

DATED: Honolulu, Hawaii, June 9, 2005

SANDRA-ANN Y.H. WONG

Attorney for Intervenor Hess Microgen, LLC

Sundra-dr y. H. Wany